(d) if so, the outcome thereof and the progress made so far on this project?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA PATEL): (a) to (d) No, Sir. In the 13th meeting of Board of Directors of Kakinada Refinery & Petrochemicals Ltd. (KRPL) held on 23rd June 2008, wherein representative of Government of Andhra Pradesh also present, the management of Oil and Natural Gas Corporation Ltd. (ONGC) has conveyed its decision to withdraw from the project with immediate effect as the financial appraisal indicated that the project would not provide appropriate returns, even with enhanced capacity of 15 Million Metric Tonnes Per Annum (MMTPA).

Losses to ONGC

†1663. SHRI SHIVANAND TIWARI:
DR. MURLI MANOHAR JOSHI:
Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether it is a fact that Oil and Natural Gas Corporation (ONGC) produces 40 per cent of the total production of Natural Gas in country;

(b) if so, the details thereof;

(c) whether the company is facing heavy economic losses because of sale of gas at a price below the cost of production;

(d) if so, the estimated value of this loss during the year, 2007-08; and

(e) the average cost of the gas production to the company during the 2007-08 alongwith the formula adopted for fixing the production cost so far?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA PATEL): (a) and (b) Yes, Sir. Oil and Natural Gas Corporation Ltd. (ONGC) produces more than 40% of total production of Natural Gas in the Country. The total production of Natural Gas in the Country during the year 2007-08 was 32.405 Billion Cubic Meter (BCM) out of which ONGC produced 22.334 BCM (68.9%).

(c) and (d) Yes, Sir. ONGC is having economic loss in gas business. In 2007-08 ONGC made under-recoveries of Rs. 1570.76 crore from gas business.

(e) The average cost of production of gas by ONGC during 2007-08 is Rs. 3426 per Million Standard Cubic Meter (MSCM). Sales realization was Rs.3147/MSCM and under recoveries were Rs.279/MSCM.

Revision of prices of petroleum products

1664.DR. V. MAITREYAN : Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether it is a fact that the price of the crude oil has fallen drastically in the international market during the last four months;

(b) if so, the impact on the outflow of foreign exchange from the country due to this fall;

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†Original notice of the question was received in Hindi

(c) whether the Oil Marketing companies are better placed financially on account of this deep fall in the crude prices;

(d) whether Government proposes to revise the prices to a lower level due to this situation;

(e) if so, by when it is likely to be implemented; and

(f) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA J. PATEL): (a) Yes, Sir. The month-wise average price of Indian Basket of Crude Oil during the last fourth months is given below:

	($ per barrel)
August '08	113.05
September '08	96.81
October '08	69.12
November '08	50.91

Note: The composition of Indian Basket of crude represents average of Oman and Dubai for Sour Grades and Brent (Dated) for Sweet Grade in the ratio of 62.3:37.7

However, the average price of Indian Basket of crude oil during the year 2008-09 (April to 10th December, 2008) is still high at $ 100.34 per barrel.

(b) The benefit of softening of the international oil prices has been partly offset by the recent depreciation of the Rupee, which depreciated by around 24%, from Rs. 40 per US$ in April 2008 to the current level of Rs. 49.76 per US$. Even so, the impact of the fall in international oil prices is evident from the fact that while the country paid Rs.48,140 crore for purchasing 11,934 Thousand Metric Tonne (TMT) of crude oil during July, 2008, it spent Rs. 29,225 crore for import of 11,365 TMT of crude oil during October, 2008.

(c) The Public Sector Oil Marketing Companies (OMCs), namely, Indian Oil Corporation Limited (IOC), Bharat Petroleum Corporation Limited (BPC) and Hindustan Petroleum Corporation Limited (HPC) have declared combined losses of Rs. 14,431 crore during the first six months of 2008-09 and their total under-recoveries on the sale of sensitive petroleum products even at the current prices, are projected to be Rs. 1,10,381 crore during 2008-09. Their combined borrowings at the end of November 2008 stood at Rs. 1,15,000 crore with an interest burden of Rs. 8,100 crore during 2008-09.

(d) to (f) In view of the recent fall in the international oil prices, the Government has reduced prices of Petrol and Diesel by Rs. 5/- per litre and Rs. 2/- per litre respectively with effect from 6.12.2008.

Demand of gas by RNRL

1665. SHRI DHARAM PAL SABHARWAL: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether Reliance Natural Resources Ltd., (RNRL) is demanding gas at much lower price against the Government approved price or prevalent international price of gas;